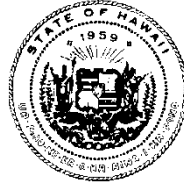


JOSH GREEN, M.D.  
GOVERNOR



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

**STATE OF HAWAII**  
HAWAII PUBLIC HOUSING AUTHORITY  
1002 NORTH SCHOOL STREET  
POST OFFICE BOX 17907  
HONOLULU, HAWAII 96817

IN REPLY, PLEASE REFER TO:

Statement of  
**Hakim Ouansafi, Executive Director**  
**Hawaii Public Housing Authority**

Before the  
**SENATE COMMITTEE ON HOUSING**

**Thursday, February 2, 2023**  
**1:00 PM – Room 225, Hawaii State Capitol**

In consideration of  
**SB 936**  
**RELATING TO HOUSING**

Honorable Chair Chang and members of the Senate Committee on Housing, thank you for the opportunity to provide testimony concerning Senate Bill (SB) 936, relating to housing.

The Hawaii Public Housing Authority (HPHA) **supports** the enactment of SB 936, which requires the Hawaii Housing Finance and Development Corporation to prioritize the allocation of Low-Income Housing Tax Credits to State-owned development projects.

The HPHA's mission is to provide Hawaii's residents with adequate and affordable housing, economic opportunity, and suitable living environments that are free from discrimination through both its public housing and rental assistance programs. The HPHA serves our state's most disadvantaged populations, including families earning less than thirty percent of the Area Median Income, the disabled, and the elderly.

The HPHA has completed a portfolio-wide evaluation to assess the feasibility of redeveloping and modernizing its public housing inventory. Efforts are already underway to develop new affordable rental and/or for-sale housing units at several HPHA properties, including at the Kuhio Park neighborhood and the HPHA's School Street campus. Most recently, the HPHA issued a Request for Qualifications seeking a Master Developer for its upcoming Ka Lei Momi

Project. Through a public-private partnership, the HPHA will oversee the development of 10,000 new, affordable housing units across the state. Each new unit will be incorporated into a mixed-income, mixed-use community that also include a one-for-one replacement of any existing public housing units.

Given that the HPHA will maintain ownership of each of its properties after redevelopment, any profit generated from them will remain with the State and not with a partnering developer. By providing projects that are or will be State-owned with greater priority in the award of LIHTC, the Legislature can help to ensure that local housing development is less profit-motivated and more focused on providing Hawaii's residents with a greater number of affordable housing options.

HPHA redevelopment projects will provide the State with the following benefits:

- Allows the State to rehabilitate functionally obsolete public housing units; eliminate expensive repair and maintenance. Built in the 50's and 60's, the existing housing portfolio has reached the end of its useful life and urgently requires revitalization.
- Supports the Administration's and Legislature's Policy priority of providing access to permanent housing from homelessness and will allow the Agency to make a meaningful impact in support of legislative goals of developing more affordable housing units, thereby expanding the existing supply of affordable and low-income housing in the State to urgently address the affordable housing crisis.
- HPHA redevelopment projects will be integrated into mixed-income, mixed-use communities. Not only does this provide greater housing stability to local families struggling to get by, but it also benefits the overall social fabric of our neighborhoods. By reducing poverty-concentration statewide, low-income households are empowered through easier access to better schools, healthcare, and job opportunities. The United State Department of Housing and Urban Development (HUD) encourages this approach through programs such as Rental Assistance Demonstration (RAD) and Mixed-Finance strategies through public private partnerships. This makes HPHA's potential redevelopment projects much more user-friendly in the private sector, better positioning HPHA properties to access the private capital and financing necessary to revitalize them.
- As the State's only Public Housing Agency with federal public housing, we can access greater federal support and funding to benefit the most disadvantaged populations in our State, using our Moving to Work designation and tools like RAD, Choice Neighborhood Initiative, and Section 18 Demolition/Disposition.
- As the proposed redevelopments will be located on parcels already owned by the HPHA, it excludes the cost of land from the development cost equation, creating an attractive incentivize for private developers to partner with the State in this endeavor.
- Allows the State to ensure that every new housing unit that's built will remain affordable in perpetuity.

- The scale of this proposal makes it possible to establish contract(s) directly with key suppliers nationally, or access government pricing, resulting in significant cost savings for Hawaii taxpayers.
- HPHA's development projects serve the largest demographic of housing needed of 20% AMI and below that private developers can't accommodate.
- Leveraging capital resources through public/private partnerships, Transit Oriented Development (TOD) incentives and underutilized State assets in prime PUC areas and TOD areas creates an exceptional opportunity to deliver desperately need affordable housing to the state and to create more livable, vibrant, and integrated communities for health and well-being of our residents and taxpayers that can be enjoyed for generations to come.
- Encourage developers to enter into public/private partnerships to lower costs.

The HPHA appreciates the opportunity to provide the Committee with its testimony regarding SB 936. We thank you very much for your dedicated and continued support.

JOSH GREEN, M.D.  
GOVERNOR



DENISE ISERI-MATSUBARA  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

IN REPLY PLEASE REFER TO:

677 QUEEN STREET, SUITE 300  
HONOLULU, HAWAII 96813  
PHONE: (808) 587-0620  
FAX: (808) 587-0600

Statement of  
**DENISE ISERI-MATSUBARA**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON HOUSING**

February 02, 2023 at 1:00 p.m.

State Capitol, Room 225

In consideration of  
**S.B. 936**  
**RELATING TO HOUSING.**

HHFDC **supports** the Hawaii Public Housing Authority's (HPHA) desire to replace its aging facilities and redevelop its properties to create improved living environments. The challenge is that HHFDC has to carefully balance incentives to maintain private sector participation in the Low-Income Housing Tax Credits (LIHTC) program to ensure there is a combination of government, non-profit, and private sector efforts to develop more affordable housing to meet the needs of this state.

In light of this need to maintain a collaborative and productive financing structure, HHFDC **offers the following comments** on S.B. 936, which requires HHFDC to prioritize the allocation of LIHTC to State-owned development projects.

HHFDC's Qualified Allocation Plan (QAP) sets forth the criteria to evaluate and allocate LIHTC to projects which best meet the housing needs of the State and preferences, as required by Section 42 of the Internal Revenue Code. Criterion 6 in the QAP already awards up to three points to projects with leases from a government agency.

As a matter of policy, HHFDC has concerns with prioritizing LIHTC for specific projects. The proposed policy could conceivably result in prioritized projects utilizing a disproportionate amount of the LIHTC and other limited resources available.

Thank you for the opportunity to provide testimony.

**LATE**

**SB-936**

Submitted on: 2/1/2023 3:10:44 PM

Testimony for HOU on 2/2/2023 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Craig Watase	Testifying for Mark Development, Inc.	Oppose	Written Testimony Only

Comments:

Aloha. My name is Craig Watase, President of Mark Development, Inc. We are an affordable housing developer and property manager since 1977. I am also a past president of the Building Industry Association of Hawaii.

This is a terrible idea that will ultimately lead to less affordable housing. Look at all the really good projects that were done NOT on State land. When competing for tax credits, the winners and losers are separated by less than 3 points.

What is the reason for this legislation? Are state projects so bad that they are unable to compete under the QAP on a level playing field? HHFDC should be allowed to use the QAP to award LIHTC to projects based on merits and not who the owner of the land is. That is just bad policy. And this would be a bad law.

Thank you for your consideration.